

## Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 DODE-00 PM-05  
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02  
SS-15 USIA-06 CU-04 TRSE-00 AID-05 COME-00 EB-08  
FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 /114 W  
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R 100841Z MAR 78  
FM USLO PEKING  
TO SECSTATE WASHDC 0094  
INFO AMCONSUL HONG KONG  
AMEMBASSY MOSCOW  
AMEMBASSY NEW DELHI  
AMEMBASSY TAIPEI  
AMEMBASSY TOKYO  
CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 1 OF 2 PEKING 0650

CINCPAC FOR POLAD

E.O. 11652: GDS  
TAGS: PINT CH  
SUBJ: THE FIFTH NATIONAL PEOPLE'S CONGRESS: IMPLICATIONS FOR  
LEADERSHIP STABILITY

1. SUMMARY: THE PRC LEADERSHIP HAS JUST CONCLUDED SEVERAL  
WEEKS OF TOP LEVEL LEADERSHIP MEETINGS WHICH ESULTED IN A  
RESHUFFLED PRC GOVERNMENT AND OFFICIAL ENDORSEMENT OF  
AMBITIOUS ECONOMIC PLANS. DISCORD BETWEEN LEADERSHIP  
FACTIONS EVIDENT OVER THE PAST SEVERAL MONTHS WAS SUSPENDED  
AND THE NATIONAL PEOPLE'S CONGRESS WAS PROCLAIMED A "CONGRESS  
OF UNITY AND VICTORY". CCP CHAIRMAN HUA KUO-FENG WHO WAS  
RE-CONFIRMED AS PREMIER APPEARED TO DOMINATE THE PROCEEDINGS.  
POLITBURO MEMBERS AND HUA CHEN HSI-LIEN,  
WU TEH, AND LI TEH-SHEN EMERGED LARGELY UNTOUCHED. MOST  
OBSERVERS FEEL THAT TENG LOST GROUND SINCE HE WAS NOT NAMED  
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PREMIER AS MANY CHINESE HAD APPARENTLY EXPECTED EARLIER.  
HOWEVER, TENG DID NOT LOSE IN ABSOLUTE TERMS: HE RETAINED  
HIS POSITION AS DE FACTO FIRST VICE PREMIER, SEVERAL TENG-  
ASSOCIATES WERE APPOINTED TO KEY POSITIONS IN THE STATE  
COUNCIL, NEW POLICIES LOOK TO BE SYNONYMOUS WITH HIS VIEWS,  
AND TENG WILL PROBABLY PLAY A MAJOR ROLE IN THE  
MODERNIZATION EFFORT.

LEADERSHIP DIFFERENCES WERE PUT ASIDE AND FACTIONAL INFIGHTING MAY NOT BE READILY APPARENT FOR SEVERAL MONTHS. AMBITIOUS ECONOMIC PLANS WERE ANNOUNCED AND A CERTAIN AMOUNT OF CENTRIPETAL FORCE WILL KEEP THE LEADERSHIP TOGETHER IN THE SHORT RUN. OPEN MANEUVERING WOULD BRING CHARGES OF "GANG OF FOUR--LIKE" SABOTAGE OF THE MODERNIZATION EFFORT AND THE SPIRIT OF THE CONGRESS. NEVERTHELESS, MAJOR ISSUES REMAIN UNRESOLVED AND THE ALMOST TOO PERFUNCTORY HAILING OF THE CONGRESS HAS LEFT A FEELING OF UNEASE AND UNCERTAINTY ABOUT THE PROSPECTS FOR MID-TERM LEADERSHIP STABILITY. END SUMMARY.

2. A SERIES OF RECENTLY CONCLUDED LEADERSHIP MEETINGS-- THE SECOND PLENUM OF THE ELEVENTH CENTRAL COMMITTEE, THE FIFTH NATIONAL PEOPLE'S CONGRESS, AND THE FIFTH CHINESE POLITICAL CONSULTATIVE CONFERENCE HAVE ENDORSED THE POST-MAO RE-ORDERING OF PRC ECONOMIC AND POLITICAL PRIORITIES WITHOUT SUBSTANTIALLY CHANGING THE LEADERSHIP LINEUP. LEADERSHIP DIFFERENCES, APPARENT IN A SERIES OF NATIONAL PRESS ARTICLES IN JANUARY AND FEBRUARY, WERE PUT ASIDE IN THE PROCLAIMED "SPIRIT OF UNITY" OF THE NATIONAL PEOPLE'S CONGRESS. PRC LEADERS CLEARLY MADE AN EFFORT DURING THE CONGRESS TO DISPLAY HARMONY AND UNDERSCORE BROAD SUPPORT FOR ECONOMIC PRIORITIES AND CONTINUED POLITICAL STABILITY. THE CONGRESS APPEARS AS A VIRTUAL STANDOFF FOR COMPETING INTEREST GROUPS. HUA KUO-FENG CONFIDENTIAL

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DOMINATED MEDIA COVERAGE OF THE EVENT: HUA WAS SHOWN SOLEMNLY OVERSEEING THE PROCEEDINGS, HIS VOICE WAS HEARD DELIVERING THE WORK REPORT ON TELEVISION AND THE NATIONAL PAPERS PROVIDED DETAILED COVERAGE OF HIS ACTIVITIES THROUGHOUT THE EIGHT DAY CONGRESS. VICE PREMIER TENG HSIAO-PING WHO MANY PEKING OBSERVERS HAD EXPECTED TO PLAY A MAJOR ROLE AT THE CONGRESS WAS GIVEN LITTLE COVERAGE AND APPEARED TO HAVE BEEN PUSHED INTO THE BACKGROUND. POLITBURO MEMBERS AND HUA ASSOCIATES WU TEH, CHEN HSI-LIEN, AND LI TEH-SHENG EMERGED RELATIVELY UNTOUCHED. EVEN THE EMBATTLED EX-SINKIANG BOSS SAI FU-TING WAS VISIBLE AS A SIGNAL THAT HUA'S CALL FOR LENIENCY AGAINST THOSE WHO MAKE MISTAKES IS TO BE TAKEN SERIOUSLY.

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ACTION EA-12

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 DODE-00 PM-05  
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FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 /114 W  
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R 100841Z MAR 78  
FM USLO PEKING  
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CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 2 OF 2 PEKING 0650

C O R R E C T E D C O P Y P A R A 3

CINCPAC FOR POLAD

3. A DISCORDANT NOTE WAS CONAINED IN PREMIER HUA KUO-FENG'S WORK REPORT, HOWEVER, HUA INDICATED THAT THE CAMPAIGN AGAINST GANG OF FOUR FOLLOWERS, PARTICULARLY AT THE LOCAL LEVEL MUST CONTINUE EVEN THOUGH THE INVESTIGATION INTO THEIR ACTIVITIES IS LARGELY COMPLETE. THIS COULD CONTINUE TO BE TROUBLE SOME INsofar AS LOCAL AND REGIONAL POLITICS INTERACT WITH LEADERSHIP MANEUVERING.

4. A MAJOR QUESTION IS WHETHER TENG HSIAO-PING'S AMBITIONS WERE THWARTED. IF SO, HOW? MANY HAD THOUGHT EARLIER THAT TENG WOULD DOMINATE THE NPC PROCEEDINGS AND POSSIBLY EVEN EMERGE AS PREMIER. IN THIS SENSE, THE CONGRESS WAS A SETBACK. HOWEVER, TENG DID NOT LOSE IN ABSOLUTE TERMS: HE RETAINED HIS POSITION AS DE FACTO FIRST VICE PREMIER,  
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SEVERAL OF HIS ASSOCIATES WERE APPOINTED TO KEY POSITIONS IN THE STATE COUNCIL, AND HE WILL PROBABLY EXERT CONSIDERABLE INFLUENCE AS HE ATTEMPTS TO IMPLEMENT AMBITIOUS ECONOMIC PLANS ADOPTED BY THE CONGRESS. THESE PLANS AND MOST OF THE NEW CONSTITUTION LOOK AS IF THEY MIGHT BE SYNONYMOUS WITH TENG'S VIEWS.

5. FOR HIS PART, HUA KUO-FENG SUCCEEDED IN PORTRAYING

HIMSELF AS A CHAIRMAN AND PREMIER WHO IS ABOVE FACTIONAL MANEUVERING. THE MEDIA MADE HIM LOOK LIKE THE INHERITOR OF THE CHOU EN-LAI LEGACY (THE CONGRESS CONCLUDED ON THE EIGHTIETH ANNIVERSARY OF CHOU'S BIRTH) AS THE CONCILIATOR WHO SEEKS THE MOST PRACTICAL COURSE AMONG COMPETING INTEREST GROUPS.

6. HOWEVER, LEADERSHIP DIFFERENCES WERE PROBABLY ONLY TEMPORARILY PUT ASIDE EVEN IF FACTIONAL MANEUVERING MAY NOT BE READILY APPARENT FOR SEVERAL MONTHS. A CERTAIN DEGREE OF LEADERSHIP CONSENSUS HAD TO BE ACHIEVED BEFORE THE NPC COULD EVEN BE HELD AND AMBITIOUS ECONOMIC PLANS AND CENTRIPETAL FORCE WILL PROBABLY KEEP THE LEADERSHIP TOGETHER IN THE SHORT RUN. OPEN MANEUVERING AND FACTIONAL SQUABBLING COULD BRING CHARGES OF GANG OF FOUR STYLE SABOTAGE OF THE "SPIRIT OF THE NPC" AND THE MODERNIZATION EFFORT. NEVERTHELESS, LEADERSHIP POLITICS IN THE PRC SINCE THE OCTOBER 1976 PURGE OF THE GANG OF FOUR HAVE BEEN CHARACTERIZED BY A SERIES OF TEMPORARY COMPROMISES THAT ARE OBSERVED ONLY AS LONG AS THEY CONTINUE TO BE IN THE INTEREST OF TENG AND OTHER POLITBURO MEMBERS. WHILE A MAJOR PURGE OR AN OPEN LEADERSHIP SPLIT SEEMS UNLIKELY IN THE MID-TERM, UNRESOLVED ISSUES (DEMANDS FOR A MORE THOROUGH HOUSECLEANING OF ALLEGED "GANG" SUPPORTERS, COMPETITION OVER SCARCE RESOURCES, THE PRESSURE OF A RAPID MODERNIZATION

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EFFORT, AND FRUSTRATED YOUNGER OFFICIALS WHO SEE LITTLE CHANCE OF ADVANCEMENT IN A SYSTEM DOMINATED BY VETERAN CADRES) AND A SENSE OF UNEASE AFTER THE ALMOST TOO PERFUNCTORY HAILING OF THE NPC RAISE QUESTIONS ABOUT THE PROSPECTS FOR MEANINGFUL LEADERSHIP STABILITY IN THE LONG RUN.

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## Message Attributes

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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014